

Senate Amendment to
House File 2460

H-8509

1 Amend House File 2460, as amended, passed, and
2 reprinted by the House, as follows:
3 <1. By striking everything after the enacting
4 clause and inserting:
5 <Section 1. Section 2.48, subsection 3, paragraph
6 b, subparagraph (2), Code 2011, is amended by striking
7 the subparagraph.
8 Sec. 2. Section 2.48, subsection 3, paragraph
9 c, Code 2011, is amended by adding the following new
10 subparagraph:
11 NEW SUBPARAGRAPH. (6) Property tax revenue
12 divisions for urban renewal areas under section 403.19.
13 Sec. 3. Section 11.11, Code Supplement 2011, is
14 amended to read as follows:
15 **11.11 Scope of audits.**
16 The written report of the audit of a governmental
17 subdivision shall include the auditor's opinion as
18 to whether a governmental subdivision's financial
19 statements are presented fairly in all material
20 respects in conformity with generally accepted
21 accounting principles or with an other comprehensive
22 basis of accounting. As a part of conducting an
23 audit of a governmental subdivision, an evaluation of
24 internal control and tests for compliance with laws and
25 regulations shall be performed. As part of conducting
26 an audit of a governmental subdivision, an examination
27 of the governmental subdivision's compliance with the
28 reporting requirements of section 331.403, subsection
29 3, or 384.22, subsection 2, if applicable, shall be
30 performed.
31 Sec. 4. Section 24.21, Code 2011, is amended to
32 read as follows:
33 **24.21 Transfer of inactive funds.**
34 Subject to the provisions of any law relating to
35 municipalities, when the necessity for maintaining any
36 fund of the municipality has ceased to exist, and a
37 balance remains in said fund, the certifying board or
38 levying board, as the case may be, shall so declare by
39 resolution, and upon such declaration, such balance
40 shall forthwith be transferred to the fund or funds of
41 the municipality designated by such board, unless other
42 provisions have been made in creating such fund in
43 which such balance remains. In the case of a special
44 fund created by a city or a county under section
45 403.19, such balance remaining in the fund shall be
46 allocated to and paid into the funds for the respective
47 taxing districts as taxes by or for the taxing district
48 into which all other property taxes are paid.
49 Sec. 5. Section 331.403, subsection 3, Code 2011,
50 is amended by striking the subsection and inserting in

1 lieu thereof the following:

2 3. a. Each county that had an urban renewal
3 plan and area in effect at any time during the most
4 recently ended fiscal year shall complete for each
5 such urban renewal plan and area and file with the
6 department of management an urban renewal report by
7 December 1 following the end of such fiscal year.
8 Each report shall be approved by the affirmative vote
9 of a majority of the board and be prepared in the
10 format and submitted electronically pursuant to the
11 instructions prescribed by the department of management
12 in consultation with the legislative services agency.

13 b. The report required under this subsection shall
14 include all of the following as of June 30 of the most
15 recently ended fiscal year or the information for such
16 fiscal year, as applicable:

17 (1) Whether the urban renewal area is determined by
18 the county to be a slum area, blighted area, economic
19 development area or a combination of those areas, and
20 the date such determination was made.

21 (2) A map clearly identifying the boundaries of the
22 urban renewal area.

23 (3) A copy of the ordinance providing for a
24 division of revenue in the urban renewal area under
25 section 403.19.

26 (4) A copy of the urban renewal plan adopted for
27 the urban renewal area, the date of each amendment to
28 the plan, and a copy of such amendment.

29 (5) A list and description of all urban renewal
30 projects within the urban renewal area that are in
31 process and all urban renewal projects that were
32 completed during the fiscal year.

33 (6) A description of each expenditure during the
34 fiscal year from the county's special fund created
35 in section 403.19. Each such expenditure shall be
36 classified by the county according to categories
37 established by the department of management and shall
38 be designated as corresponding to the specific loan,
39 advance, indebtedness, or bond which qualifies for
40 payment from the special fund under section 403.19.
41 Each such expenditure shall also be designated as
42 corresponding to one or more specific urban renewal
43 projects. This description shall not be required for
44 the report required to be filed on or before December
45 1, 2012.

46 (7) The amount of loans, advances, indebtedness,
47 or bonds, including interest negotiated on such loans,
48 advances, indebtedness, or bonds, which qualify for
49 payment from the special fund created in section
50 403.19, and which were incurred or issued during

1 the fiscal year. Each such loan, advance, debt, or
2 bond shall be classified by the county according to
3 categories established by the department of management
4 and shall be designated as corresponding to one or more
5 specific urban renewal projects.

6 (8) The amount of loans, advances, indebtedness,
7 or bonds that remain unpaid at the close of the fiscal
8 year, and which qualify for payment from the special
9 fund created in section 403.19, including interest
10 negotiated on such loans, advances, indebtedness, or
11 bonds.

12 (9) The total amount of property taxes that were
13 exempted, rebated, refunded, or reimbursed by the
14 county, used to fund a grant provided by the county,
15 or directly paid by the county during the fiscal year
16 for property in the urban renewal area using moneys in
17 the county's special fund created in section 403.19 and
18 such amounts agreed to by the county for future fiscal
19 years.

20 (10) A list of all properties, including the owner
21 of such properties, and the amount of property taxes
22 due and payable for the fiscal year that were exempted,
23 rebated, refunded, or reimbursed by the county, used to
24 fund a grant provided by the county, or directly paid
25 by the county during the fiscal year using moneys in
26 the county's special fund created in section 403.19 and
27 information for such amounts agreed to by the county
28 for future fiscal years.

29 (11) The balance of the county's special fund
30 created in section 403.19.

31 (12) The aggregate assessed value of the taxable
32 property in the urban renewal area, as shown on the
33 assessment roll used to calculate the amount of taxes
34 under section 403.19, subsection 1, for the fiscal
35 year.

36 (13) The aggregate assessed value of each
37 classification of taxable property located in the urban
38 renewal area.

39 (14) That portion of the assessed value of all
40 taxable property located in the urban renewal area that
41 was used to calculate the amount of excess taxes under
42 section 403.19, subsection 2.

43 (15) The amount of taxes determined under section
44 403.19, subsection 2, in excess of the amount required
45 to pay the applicable loans, advances, indebtedness,
46 and bonds, if any, and interest thereon, for the fiscal
47 year that was paid into the funds for the respective
48 taxing districts in the same manner as taxes on all
49 other property.

50 (16) Interest or earnings received by each urban

1 renewal area during the fiscal year on amounts
2 deposited into the special fund created in section
3 403.19 and the net proceeds during the fiscal year from
4 the sale of assets purchased using amounts deposited
5 into the special fund created in section 403.19.

6 (17) For each taxing district for which the
7 county divided taxes, the amount of taxes determined
8 under section 403.19, subsection 2, that, in lieu of
9 allocation to the taxing district, were deposited into
10 the county's special fund during the fiscal year.

11 (18) The amount of expenditures by the county
12 during the fiscal year for the purpose of providing or
13 aiding in the provision of public improvements related
14 to housing and residential development.

15 (19) The amount of assistance to low and moderate
16 income housing provided by the county under section
17 403.22 during the fiscal year if applicable.

18 (20) When required as part of an urban renewal
19 development or redevelopment agreement that includes
20 the use of incremental taxes collected pursuant to
21 section 403.19, subsection 2, the total number of jobs
22 to be created, the wages associated with those jobs,
23 the total private capital investment, and the total
24 cost of the public infrastructure constructed.

25 (21) All other additional information or
26 documentation relating to a county's urban renewal
27 activities or use of divisions of revenue under chapter
28 403 deemed relevant by the department of management, in
29 consultation with the county finance committee.

30 c. By December 1, 2012, the department of
31 management, in collaboration with the legislative
32 services agency, shall make publicly available on
33 an internet site a searchable database of all such
34 information contained in the reports required under
35 this subsection. Reports from previous years shall be
36 retained by the department and shall continue to be
37 available and searchable on the internet site.

38 d. The legislative services agency, in consultation
39 with the department of management, shall annually
40 prepare a report for submission to the governor and
41 the general assembly that summarizes and analyzes the
42 information contained in the reports submitted under
43 this subsection, section 357H.9, subsection 2, and
44 section 384.22, subsection 2. The report prepared by
45 the legislative services agency shall be submitted not
46 later than February 15 following the most recently
47 ended fiscal year for which the reports were filed.

48 e. For purposes of this subsection, "indebtedness"
49 includes but is not limited to written agreements
50 whereby the county agrees to exempt, rebate, refund, or

1 reimburse property taxes, provide a grant for property
2 taxes paid, or make a direct payment of taxes, with
3 moneys in the special fund created in section 403.19,
4 and bonds, notes, or other obligations that are secured
5 by or subject to repayment from moneys appropriated by
6 the county from moneys in the special fund created in
7 section 403.19.

8 Sec. 6. Section 331.403, Code 2011, is amended by
9 adding the following new subsection:

10 NEW SUBSECTION. 4. The annual financial report
11 shall be prepared on forms and pursuant to instructions
12 prescribed by the department of management and shall
13 be filed with the department of management. The urban
14 renewal report shall be filed with the department of
15 management. Each report must be filed prior to the
16 publication and adoption of the county budget under
17 section 331.434 for the fiscal year beginning July
18 1 following the date such reports are due. If such
19 reports are not filed pursuant to the requirements of
20 this section, the department of management shall not
21 certify the county's taxes back to the county auditor
22 under section 24.17.

23 Sec. 7. Section 331.434, unnumbered paragraph 1,
24 Code 2011, is amended to read as follows:

25 Annually, the board of each county, subject to
26 section 331.403, subsection 4, sections 331.423
27 through 331.426, and other applicable state law, shall
28 prepare and adopt a budget, certify taxes, and provide
29 appropriations as follows:

30 Sec. 8. Section 331.434, subsection 1, Code 2011,
31 is amended to read as follows:

32 1. The budget shall show the amount required for
33 each class of proposed expenditures, a comparison of
34 the amounts proposed to be expended with the amounts
35 expended for like purposes for the two preceding years,
36 the revenues from sources other than property taxation,
37 and the amount to be raised by property taxation, in
38 the detail and form prescribed by the director of the
39 department of management. For each county that has
40 established an urban renewal area, the budget shall
41 include estimated and actual tax increment financing
42 revenues and all estimated and actual expenditures of
43 the revenues, proceeds from debt and all estimated
44 and actual expenditures of the debt proceeds, ~~and~~
45 ~~identification of any entity receiving a direct payment~~
46 ~~of taxes funded by tax increment financing revenues~~
47 ~~and shall include the total amount of loans, advances,~~
48 ~~indebtedness, or bonds outstanding at the close of~~
49 ~~the most recently ended fiscal year, which qualify~~
50 ~~for payment from the special fund created in section~~

1 403.19, including interest negotiated on such loans,
2 advances, indebtedness, or bonds. For purposes of this
3 subsection, "indebtedness" includes written agreements
4 whereby the county agrees to suspend, abate, exempt,
5 rebate, refund, or reimburse property taxes, provide a
6 grant for property taxes paid, or make a direct payment
7 of taxes, with moneys in the special fund. The amount
8 of loans, advances, indebtedness, or bonds shall be
9 listed in the aggregate for each county reporting. The
10 county finance committee, in consultation with the
11 department of management and the legislative services
12 agency, shall determine reporting criteria and shall
13 prepare a form for reports filed with the department
14 pursuant to this section. The department shall make
15 the information available by electronic means.

16 Sec. 9. Section 357H.9, Code 2011, is amended to
17 read as follows:

18 **357H.9 Incremental property taxes.**

19 1. The board of trustees shall provide by
20 resolution that taxes levied on the taxable property
21 in a rural improvement zone each year by or for the
22 benefit of the state, city, county, school district,
23 or other taxing district after the effective date of
24 the resolution shall be divided as provided in section
25 403.19, subsections 1 and 2, in the same manner as
26 if the taxable property in the rural improvement zone
27 was taxable property in an urban renewal area and
28 the resolution was an ordinance within the meaning of
29 those subsections. The taxes received by the board
30 of trustees shall be allocated to, and when collected
31 be paid into, a special fund and may be irrevocably
32 pledged by the trustees to pay the principal of
33 and interest on the certificates, contracts, or
34 other obligations approved by the board of trustees
35 to finance or refinance, in whole or in part, an
36 improvement project. As used in this section, "taxes"
37 includes, but is not limited to, all levies on an ad
38 valorem basis upon land or real property located in the
39 rural improvement zone.

40 2. a. Each board of trustees that has by
41 resolution provided for a division of revenue in the
42 rural improvement zone during the most recently ended
43 fiscal year shall complete and file with the department
44 of management a tax increment financing report by
45 December 1 following the end of such fiscal year. The
46 report shall be approved by the affirmative vote of a
47 majority of the board of trustees and be prepared in
48 the format and submitted electronically pursuant to the
49 instructions prescribed by the department of management
50 in consultation with the legislative services agency.

1 b. The report required under this subsection shall
2 include substantially the same information required for
3 counties under section 331.403, subsection 3, as of
4 June 30 of the most recently ended fiscal year or the
5 information for such fiscal year, as applicable.

6 c. By December 1, 2012, the department of
7 management, shall make publicly available on an
8 internet site a searchable database of all such
9 information contained in the reports required under
10 this subsection. Reports from previous years shall be
11 retained by the department and shall continue to be
12 available and searchable on the internet site.

13 d. A board of trustees that fails to satisfy the
14 requirements of this subsection shall have all future
15 incremental taxes withheld from payment into the rural
16 improvement zone's special fund until such requirements
17 are met.

18 Sec. 10. Section 384.16, unnumbered paragraph 1,
19 Code 2011, is amended to read as follows:

20 Annually, a city that has satisfied the requirements
21 of section 384.22, subsection 3, shall prepare and
22 adopt a budget, and shall certify taxes as follows:

23 Sec. 11. Section 384.16, subsection 1, paragraphs b
24 and c, Code 2011, are amended to read as follows:

25 b. A budget must show comparisons between the
26 estimated expenditures in each program in the following
27 year, the latest estimated expenditures in each program
28 in the current year, and the actual expenditures
29 in each program from the annual report reports as
30 provided in section 384.22, or as corrected by a
31 subsequent audit report. Wherever practicable, as
32 provided in rules of the committee, a budget must show
33 comparisons between the levels of service provided
34 by each program as estimated for the following year,
35 and actual levels of service provided by each program
36 during the two preceding years. For each city that has
37 established an urban renewal area, the budget shall
38 include estimated and actual tax increment financing
39 revenues and all estimated and actual expenditures of
40 the revenues, proceeds from debt and all estimated
41 and actual expenditures of the debt proceeds, and
42 identification of any entity receiving a direct payment
43 of taxes funded by tax increment financing revenues
44 and shall include the total amount of loans, advances,
45 indebtedness, or bonds outstanding at the close of
46 the most recently ended fiscal year, which qualify
47 for payment from the special fund created in section
48 403.19, including interest negotiated on such loans,
49 advances, indebtedness, or bonds. The amount of loans,
50 advances, indebtedness, or bonds shall be listed in the

1 aggregate for each city reporting. The city finance
2 committee, in consultation with the department of
3 management and the legislative services agency, shall
4 determine reporting criteria and shall prepare a form
5 for reports filed with the department pursuant to this
6 section. The department shall make the information
7 available by electronic means.

8 ~~c. For purposes of this subsection, "indebtedness"~~
9 ~~includes written agreements whereby the city agrees to~~
10 ~~suspend, abate, exempt, rebate, refund, or reimburse~~
11 ~~property taxes, provide a grant for property taxes~~
12 ~~paid, or make a direct payment of taxes, with moneys~~
13 ~~in the special fund.~~

14 Sec. 12. Section 384.22, Code 2011, is amended to
15 read as follows:

16 384.22 Annual report reports — financial report —
17 urban renewal report.

18 1. Not later than December 1 of each year, a city
19 shall publish an annual financial report as provided in
20 section 362.3 containing a summary for the preceding
21 fiscal year of all collections and receipts, all
22 accounts due the city, and all expenditures, the
23 current public debt of the city, and the legal debt
24 limit of the city for the current fiscal year. The
25 annual financial report shall be prepared on forms and
26 pursuant to instructions prescribed by the auditor of
27 state. A copy of this report must be filed with the
28 auditor of state not later than December 1 of each
29 year.

30 ~~A city that fails to meet the filing deadline~~
31 ~~imposed by this section shall have withheld from~~
32 ~~payments to be made to the county which are allocated~~
33 ~~to the city pursuant to section 425.1 an amount equal~~
34 ~~to five cents per capita until the annual report is~~
35 ~~filed with the auditor of state.~~

36 2. a. Each city that had an urban renewal plan and
37 area in effect at any time during the most recently
38 ended fiscal year shall complete for each such urban
39 renewal plan and area and file with the department
40 of management an urban renewal report by December 1
41 following the end of such fiscal year. Each report
42 shall be approved by the affirmative vote of a
43 majority of the city council and be prepared in the
44 format and submitted electronically pursuant to the
45 instructions prescribed by the department of management
46 in consultation with the legislative services agency.

47 b. The report required under this subsection shall
48 include all of the following as of June 30 of the most
49 recently ended fiscal year:

50 (1) Whether the urban renewal area is determined

1 by the city to be a slum area, blighted area, economic
2 development area or a combination of those areas, and
3 the date such determination was made.
4 (2) A map clearly identifying the boundaries of the
5 urban renewal area.
6 (3) A copy of the ordinance providing for a
7 division of revenue in the urban renewal area under
8 section 403.19.
9 (4) A copy of the urban renewal plan adopted for
10 the urban renewal area, the date of each amendment to
11 the plan, and a copy of such amendment.
12 (5) A list and description of all urban renewal
13 projects within the urban renewal area that are in
14 process and all urban renewal projects that were
15 completed during the fiscal year.
16 (6) A description of each expenditure during
17 the fiscal year from the city's special fund created
18 in section 403.19. Each such expenditure shall
19 be classified by the city according to categories
20 established by the department of management and shall
21 be designated as corresponding to the specific loan,
22 advance, indebtedness, or bond which qualifies for
23 payment from the special fund under section 403.19.
24 Each such expenditure shall also be designated as
25 corresponding to one or more specific urban renewal
26 projects. This description shall not be required for
27 the report required to be filed on or before December
28 1, 2012.
29 (7) The amount of loans, advances, indebtedness,
30 or bonds, including interest negotiated on such loans,
31 advances, indebtedness, or bonds, which qualify for
32 payment from the special fund created in section
33 403.19, and which were incurred or issued during the
34 fiscal year. Each such loan, advance, debt, or bond
35 shall be classified by the city according to categories
36 established by the department of management and shall
37 be designated as corresponding to one or more specific
38 urban renewal projects.
39 (8) The amount of loans, advances, indebtedness,
40 or bonds that remain unpaid at the close of the fiscal
41 year, and which qualify for payment from the special
42 fund created in section 403.19, including interest
43 negotiated on such loans, advances, indebtedness, or
44 bonds.
45 (9) The total amount of property taxes that were
46 exempted, rebated, refunded, or reimbursed by the city,
47 used to fund a grant provided by the city, or directly
48 paid by the city during the fiscal year for property
49 in the urban renewal area using moneys in the city's
50 special fund created in section 403.19 and such amounts

1 agreed to by the city for future fiscal years.

2 (10) A list of all properties, including the owner
3 of such properties, and the amount of property taxes
4 due and payable for the fiscal year that were exempted,
5 rebated, refunded, or reimbursed by the city, used to
6 fund a grant provided by the city, or directly paid
7 by the city during the fiscal year using moneys in
8 the city's special fund created in section 403.19 and
9 information for such amounts agreed to by the city for
10 future fiscal years.

11 (11) The balance of the city's special fund created
12 in section 403.19.

13 (12) The aggregate assessed value of the taxable
14 property in the urban renewal area, as shown on the
15 assessment roll used to calculate the amount of taxes
16 under section 403.19, subsection 1, for the fiscal
17 year.

18 (13) The aggregate assessed value of each
19 classification of taxable property located in the urban
20 renewal area.

21 (14) That portion of the assessed value of all
22 taxable property located in the urban renewal area that
23 was used to calculate the amount of excess taxes under
24 section 403.19, subsection 2.

25 (15) The amount of taxes determined under section
26 403.19, subsection 2, in excess of the amount required
27 to pay the applicable loans, advances, indebtedness,
28 and bonds, if any, and interest thereon, for the fiscal
29 year that was paid into the funds for the respective
30 taxing districts in the same manner as taxes on all
31 other property.

32 (16) Interest or earnings received by each urban
33 renewal area during the fiscal year on amounts
34 deposited into the special fund created in section
35 403.19 and the net proceeds during the fiscal year from
36 the sale of assets purchased using amounts deposited
37 into the special fund created in section 403.19.

38 (17) For each taxing district for which the
39 city divided taxes, the amount of taxes determined
40 under section 403.19, subsection 2, that, in lieu of
41 allocation to the taxing district, were deposited into
42 the city's special fund during the fiscal year.

43 (18) The amount of expenditures by the city during
44 the fiscal year for the purpose of providing or aiding
45 in the provision of public improvements related to
46 housing and residential development.

47 (19) The amount and types of assistance to low and
48 moderate income housing provided by the city under
49 section 403.22 during the fiscal year if applicable.

50 (20) When required as part of an urban renewal

1 development or redevelopment agreement that includes
2 the use of incremental taxes collected pursuant to
3 section 403.19, subsection 2, the total number of jobs
4 to be created, the wages associated with those jobs,
5 the total private capital investment, and the total
6 cost of the public infrastructure constructed.

7 (21) All other additional information or
8 documentation relating to a city's urban renewal
9 activities or use of divisions of revenue under chapter
10 403 deemed relevant by the department of management, in
11 consultation with the city finance committee.

12 c. By December 1, 2012, the department of
13 management, in collaboration with the legislative
14 services agency, shall make publicly available on
15 an internet site a searchable database of all such
16 information contained in the reports required under
17 this subsection. Reports from previous years shall be
18 retained by the department and shall continue to be
19 available and searchable on the internet site.

20 d. For purposes of this subsection, "indebtedness"
21 includes but is not limited to written agreements
22 whereby the city agrees to exempt, rebate, refund, or
23 reimburse property taxes, provide a grant for property
24 taxes paid, or make a direct payment of taxes, with
25 moneys in the special fund created in section 403.19,
26 and bonds, notes, or other obligations that are secured
27 by or subject to repayment from moneys appropriated by
28 the city from moneys in the special fund created in
29 section 403.19.

30 3. The annual financial report shall be prepared on
31 forms and pursuant to instructions prescribed by the
32 auditor of state and shall be filed with the auditor
33 of state. The urban renewal report shall be filed
34 with the department of management. Each report must
35 be filed prior to the publication and adoption of
36 the city budget under section 384.16 for the fiscal
37 year beginning July 1 following the date such reports
38 are due. If such reports are not filed pursuant to
39 the requirements of this section, the department of
40 management shall not certify the city's taxes back to
41 the county auditor under section 24.17.

42 Sec. 13. Section 403.5, subsection 2, paragraph b,
43 Code 2011, is amended to read as follows:

44 b. (1) Prior to its approval of an urban renewal
45 plan which provides for a division of revenue pursuant
46 to section 403.19, the municipality shall mail the
47 proposed plan by regular mail to the affected taxing
48 entities. The municipality shall include with the
49 proposed plan notification of a consultation to be held
50 between the municipality and affected taxing entities

1 prior to the public hearing on the urban renewal
2 plan. If the proposed urban renewal plan or proposed
3 urban renewal project within the urban renewal area
4 includes the use of taxes resulting from a division of
5 revenue under section 403.19 for a public building,
6 including but not limited to a police station, fire
7 station, administration building, swimming pool,
8 hospital, library, recreational building, city hall,
9 or other public building that is exempt from taxation,
10 including the grounds of, and the erection, equipment,
11 remodeling, or reconstruction of, and additions or
12 extensions to, such a building, the municipality shall
13 include with the proposed plan notification an analysis
14 of alternative development options and funding for the
15 urban renewal area or urban renewal project and the
16 reasons such options would be less feasible than the
17 proposed urban renewal plan or proposed urban renewal
18 project. A copy of the analysis required in this
19 subparagraph shall be included with the urban renewal
20 report required under section 331.403 or 384.22, as
21 applicable, and filed by December 1 following adoption
22 of the urban renewal plan or project.

23 (2) Each affected taxing entity may appoint a
24 representative to attend the consultation. The
25 consultation may include a discussion of the estimated
26 growth in valuation of taxable property included in
27 the proposed urban renewal area, the fiscal impact
28 of the division of revenue on the affected taxing
29 entities, the estimated impact on the provision of
30 services by each of the affected taxing entities in the
31 proposed urban renewal area, and the duration of any
32 bond issuance included in the plan. The designated
33 representative of the affected taxing entity may
34 make written recommendations for modification to
35 the proposed division of revenue no later than seven
36 days following the date of the consultation. The
37 representative of the municipality shall, no later
38 than seven days prior to the public hearing on the
39 urban renewal plan, submit a written response to the
40 affected taxing entity addressing the recommendations
41 for modification to the proposed division of revenue.

42 Sec. 14. Section 403.5, subsection 5, Code 2011, is
43 amended to read as follows:

44 5. a. An Except as otherwise provided in this
45 subsection, an urban renewal plan may be modified at
46 any time:—Provided, that if. However, if the urban
47 renewal plan is modified after the lease or sale by
48 the municipality of real property in the urban renewal
49 project area, such modification may be conditioned upon
50 such approval of the owner, lessee, or successor in

1 interest as the municipality may deem advisable, and in
2 any event such modification shall be subject to such
3 rights at law or in equity as a lessee or purchaser, or
4 a lessee's or purchaser's successor or successors in
5 interest, may be entitled to assert.

6 b. A municipality shall not approve an urban
7 renewal project for an urban renewal area unless the
8 governing body has amended or modified the adopted
9 urban renewal plan to include the urban renewal
10 project.

11 c. The municipality shall comply with the
12 notification, and consultation, and hearing process
13 provided in this section prior to the approval of any
14 amendment or modification to an adopted urban renewal
15 plan if such amendment or modification provides for
16 refunding bonds or refinancing resulting in an increase
17 in debt service or provides for the issuance of bonds
18 or other indebtedness, to be funded primarily in the
19 manner provided in section 403.19, or if such amendment
20 or modification provides for the inclusion and
21 approval of an urban renewal project under paragraph
22 "b". However, the review and recommendation process
23 conducted by the municipality's planning commission
24 under subsection 2, paragraph "a", shall not be
25 required when amending or modifying an adopted urban
26 renewal plan.

27 d. Once determined to be a blighted area, a
28 slum area, or an economic development area by a
29 municipality, an urban renewal area shall not be
30 redetermined by the municipality throughout the
31 duration of the urban renewal area.

32 Sec. 15. Section 403.17, subsection 1, Code 2011,
33 is amended to read as follows:

34 1. "Affected taxing entity" means a city, ~~community~~
35 ~~college,~~ county, or school district which levied or
36 certified for levy a property tax on any portion of the
37 taxable property located within the urban renewal area
38 in the fiscal year beginning prior to the calendar year
39 in which a proposed urban renewal plan is submitted to
40 the local governing body for approval.

41 Sec. 16. Section 403.19, subsection 2, Code
42 Supplement 2011, as amended by 2012 Iowa Acts, Senate
43 File 2137, section 6, is amended to read as follows:

44 2. a. That portion of the taxes each year in
45 excess of such amount shall be allocated to and
46 when collected be paid into a special fund of the
47 municipality to pay the principal of and interest on
48 loans, moneys advanced to, or indebtedness, whether
49 funded, refunded, assumed, or otherwise, including
50 bonds issued under the authority of section 403.9,

1 subsection 1, incurred by the municipality to finance
2 or refinance, in whole or in part, an urban renewal
3 project within the area, and to provide assistance for
4 low and moderate income family housing as provided
5 in section 403.22. However, except as provided in
6 paragraph "b", taxes for the regular and voter-approved
7 physical plant and equipment levy of a school district
8 imposed pursuant to section 298.2 and taxes for the
9 instructional support program of a school district
10 imposed pursuant to section 257.19, taxes for the
11 payment of bonds and interest of each taxing district,
12 and taxes imposed under section 346.27, subsection
13 22, related to joint county-city buildings shall be
14 collected against all taxable property within the
15 taxing district without limitation by the provisions
16 of this subsection.

17 b. (1) However, all All or a portion of the taxes
18 for the physical plant and equipment levy shall be
19 paid by the school district to the municipality if
20 the auditor certifies to the school district by July
21 1 the amount of such levy that is necessary to pay
22 the principal and interest on bonds issued by the
23 municipality to finance an urban renewal project, which
24 bonds were issued before July 1, 2001. Indebtedness
25 incurred to refund bonds issued prior to July 1, 2001,
26 shall not be included in the certification. Such
27 school district shall pay over the amount certified
28 by November 1 and May 1 of the fiscal year following
29 certification to the school district.

30 (2) (a) All or a portion of the taxes for the
31 instructional support program levy of a school
32 district shall be paid by the school district to the
33 municipality if the auditor, pursuant to subsection 11,
34 certifies to the school district by July 1 the amount
35 of such levy that is necessary to pay the principal and
36 interest on bonds issued or other indebtedness incurred
37 by the municipality to finance an urban renewal project
38 if such bonds or indebtedness were issued or incurred
39 on or before April 24, 2012. Such school district
40 shall pay over the amount certified by November 1 and
41 May 1 of the fiscal year following certification to the
42 school district.

43 (b) In lieu of payment to a municipality under
44 subparagraph division (a), a school district may by
45 resolution of the board of directors of the school
46 district approve at a regular meeting of the board
47 of directors the payment of all or a portion of the
48 instructional support program property tax revenue
49 excluded under paragraph "a", to the municipality for
50 the payment of principal and interest on such bonds

1 issued or such other indebtedness incurred by the
2 municipality before, on, or after April 24, 2012.

3 c. Unless and until the total assessed valuation of
4 the taxable property in an urban renewal area exceeds
5 the total assessed value of the taxable property in
6 such area as shown by the last equalized assessment
7 roll referred to in subsection 1, all of the taxes
8 levied and collected upon the taxable property in
9 the urban renewal area shall be paid into the funds
10 for the respective taxing districts as taxes by or
11 for the taxing districts in the same manner as all
12 other property taxes. When such loans, advances,
13 indebtedness, and bonds, if any, and interest thereon,
14 have been paid, all moneys thereafter received from
15 taxes upon the taxable property in such urban renewal
16 area shall be paid into the funds for the respective
17 taxing districts in the same manner as taxes on all
18 other property.

19 d. In those instances where a school district
20 has entered into an agreement pursuant to section
21 279.64 for sharing of school district taxes levied and
22 collected from valuation described in this subsection
23 and released to the school district, the school
24 district shall transfer the taxes as provided in the
25 agreement.

26 Sec. 17. Section 403.19, subsection 6, paragraph
27 a, subparagraph (1), Code Supplement 2011, is amended
28 to read as follows:

29 (1) A municipality shall certify to the county
30 auditor on or before December 1 the amount of loans,
31 advances, indebtedness, or bonds, including interest
32 negotiated on such loans, advances, indebtedness,
33 or bonds, which qualify for payment from the special
34 fund referred to in subsection 2, for each urban
35 renewal area in the municipality, and the filing of
36 the certificate shall make it a duty of the auditor to
37 provide for the division of taxes in each subsequent
38 year without further certification, except as provided
39 in paragraphs "b" and "c", until the amount of the
40 loans, advances, indebtedness, or bonds is paid to the
41 special fund. Such certification shall include all
42 amounts which qualify for payment from the special fund
43 referred to in subsection 2 during the next fiscal
44 year and all amounts which qualify for payment from
45 the special fund in any subsequent fiscal year. If
46 any loans, advances, indebtedness, or bonds are issued
47 which qualify for payment from the special fund and
48 which are in addition to amounts already certified,
49 the municipality shall certify the amount of the
50 additional obligations on or before December 1 of the

1 year such obligations were issued, and the filing of
2 the certificate shall make it a duty of the auditor to
3 provide for the division of taxes in each subsequent
4 year without further certification, except as provided
5 in paragraphs "b" and "c", until the amount of the
6 loans, advances, indebtedness, or bonds is paid to the
7 special fund. Any subsequent certifications under
8 this subsection shall not include amounts previously
9 certified.

10 Sec. 18. Section 403.19, subsection 6, Code
11 Supplement 2011, is amended by adding the following new
12 paragraph:

13 NEW PARAGRAPH. *d.* For purposes of this section,
14 "*indebtedness*" includes but is not limited to written
15 agreements whereby the municipality agrees to exempt,
16 rebate, refund, or reimburse property taxes, provide a
17 grant for property taxes paid, or make a direct payment
18 of taxes, with moneys in the special fund referred to
19 in subsection 2, and bonds, notes, or other obligations
20 that are secured by or subject to payment from moneys
21 appropriated by the municipality from moneys in the
22 special fund referred to in subsection 2.

23 Sec. 19. Section 403.19, Code Supplement 2011, is
24 amended by adding the following new subsection:

25 NEW SUBSECTION. 9. *a.* Moneys from any source
26 deposited into the special fund created in this
27 section shall not be expended for or otherwise used in
28 connection with an urban renewal project approved on or
29 after the effective date of this Act that includes the
30 relocation of a commercial or industrial enterprise not
31 presently located within the municipality, unless one
32 of the following occurs:

33 (1) The local governing body of the municipality
34 where the commercial or industrial enterprise is
35 currently located and the local governing body of
36 the municipality where the commercial or industrial
37 enterprise is proposing to relocate have either entered
38 into a written agreement concerning the relocation of
39 the commercial or industrial enterprise or have entered
40 into a written agreement concerning the general use of
41 economic incentives to attract commercial or industrial
42 development within those municipalities.

43 (2) The local governing body of the municipality
44 where the commercial or industrial enterprise is
45 proposing to relocate finds that the use of deposits
46 into the special fund for an urban renewal project that
47 includes such a relocation is in the public interest.
48 A local governing body's finding that an urban renewal
49 project that includes a commercial or industrial
50 enterprise relocation is in the public interest shall

1 include written verification from the commercial or
2 industrial enterprise that the enterprise is actively
3 considering moving all or a part of its operations to a
4 location outside the state and a specific finding that
5 such an out-of-state move would result in a significant
6 reduction in either the enterprise's total employment
7 in the state or in the total amount of wages earned by
8 employees of the enterprise in the state.

9 **b.** For the purposes of this subsection,
10 "relocation" means the closure or substantial reduction
11 of an enterprise's existing operations in one area of
12 the state and the initiation of substantially the same
13 operation in the same county or a contiguous county
14 in the state. This subsection does not prohibit an
15 enterprise from expanding its operations in another
16 area of the state provided that existing operations
17 of a similar nature are not closed or substantially
18 reduced.

19 Sec. 20. Section 403.19, Code Supplement 2011, is
20 amended by adding the following new subsection:

21 NEW SUBSECTION. 10. **a.** Interest or earnings
22 received on amounts deposited into the special fund
23 created in this section and the net proceeds from the
24 sale of assets purchased using amounts deposited into
25 the special fund created in this section shall be
26 credited to the special fund and shall be used solely
27 for the purposes specified in this section.

28 **b.** Moneys in the special fund created in this
29 section shall not be transferred to another fund of the
30 municipality except for the payment of loans, advances,
31 indebtedness, or bonds that qualify for payment from
32 the special fund.

33 Sec. 21. Section 403.19, Code Supplement 2011, is
34 amended by adding the following new subsection:

35 NEW SUBSECTION. 11. For any fiscal year, a
36 municipality may certify to the county auditor for
37 instructional support program property tax revenue
38 necessary for payment of principal and interest on
39 bonds issued or other indebtedness incurred for an
40 urban renewal project on or before April 24, 2012.
41 If for any fiscal year a municipality fails to
42 certify to the county auditor by July 1 the amount
43 of instructional support program property tax revenue
44 necessary for payment of principal and interest on
45 such bonds, as provided in subsection 2, the school
46 district is not required to pay over the revenue to the
47 municipality. If a school district and a municipality
48 are unable to agree on the amount of instructional
49 support program property tax revenue certified by the
50 municipality, either party may request that the state

1 appeal board review and finally pass upon the amount
2 that may be certified. Such appeals must be presented
3 in writing to the state appeal board no later than
4 July 31 following certification. The burden shall be
5 on the municipality to prove that the instructional
6 support program property tax revenue is necessary to
7 pay principal and interest on the applicable bonds. A
8 final decision must be issued by the state appeal board
9 no later than the following October 1.

10 Sec. 22. NEW SECTION. 403.23 Audit — certificate
11 of compliance.

12 1. Each municipality that has established an
13 urban renewal area that utilizes, or plans to
14 utilize, revenues from the special fund created in
15 section 403.19, shall make an annual certification of
16 compliance with this section. For any year in which
17 the municipality is audited in accordance with section
18 11.6, such certification shall be audited as part of
19 the municipality's audit.

20 2. The certification required under this section
21 shall include such information or documentation deemed
22 appropriate by the auditor of state including but not
23 limited to the information required to be reported
24 under section 331.403, subsection 3, or section 384.22,
25 subsection 2, as applicable.

26 3. The auditor of state shall adopt rules necessary
27 to implement this section.

28 Sec. 23. Section 423B.10, subsection 2, Code 2011,
29 is amended to read as follows:

30 2. a. An Upon approval by the board of supervisors
31 of each applicable county pursuant to paragraph
32 "b", an eligible city may by ordinance of the city
33 council provide for the use of a designated amount of
34 the increased local sales and services tax revenues
35 collected under this chapter which are attributable
36 to retail establishments in an urban renewal area to
37 fund urban renewal projects located in the area. The
38 designated amount may be all or a portion of such
39 increased revenues.

40 b. A city shall not adopt an ordinance under
41 paragraph "a" unless the board of supervisors of
42 each county where the urban renewal area from which
43 such local sales and services tax revenues are to be
44 collected and used to fund urban renewal projects
45 is located first adopts a resolution approving the
46 collection and use of such local sales and services tax
47 revenues.

48 Sec. 24. IMPLEMENTATION OF ACT. Section 25B.2,
49 subsection 3, shall not apply to this Act.

50 Sec. 25. APPLICABILITY. The provisions of this

1 Act prohibiting the department of management from
2 certifying taxes back to the county auditor under
3 section 24.17 if a county, under section 331.403,
4 subsection 4, or a city, under section 384.22,
5 subsection 3, fails to meet the reporting requirements
6 of sections 331.403 and 384.22, as applicable, or the
7 provision of this Act requiring that incremental taxes
8 be withheld from payment to a rural improvement zone if
9 the rural improvement zone fails to meet the reporting
10 requirement of section 357H.9, subsection 2, shall not
11 apply to the report required to be filed on or before
12 December 1, 2012.

13 Sec. 26. APPLICABILITY. The provisions of this Act
14 relating to the division of taxes for the instructional
15 support program of a school district under section
16 403.19, as amended in this Act, apply to property taxes
17 due and payable in fiscal years beginning on or after
18 July 1, 2013.

19 Sec. 27. APPLICABILITY. The section of this Act
20 amending section 423B.10 applies to city ordinances
21 adopted under section 423B.10 on or after the effective
22 date of this Act.>

23 2. Title page, by striking lines 1 through 5 and
24 inserting <An Act relating to Iowa's urban renewal law
25 and incremental taxes by modifying provisions relating
26 to divisions of revenue, modifying provisions relating
27 to the approval of urban renewal plans and projects and
28 approval of the use of certain local sales and services
29 tax revenue, requiring certain reporting and auditing,
30 and including applicability provisions.>>